

TO: Mayor and City Council (OCWS)
THROUGH: Matt Fulton, City Manager
FROM: Joan Carlson, Finance Director
DATE: September 26, 2016
SUBJECT: 2017 Preliminary Budget and Maximum Levy



City of West St. Paul

BACKGROUND INFORMATION:

The preliminary levy and levy related budgets were presented to Council at the September 12th Open Council Work Session. Staff has updated the budgets as requested by Council at the meeting; and with new information received in the last two weeks. The biggest change is a significant reduction to the health insurance premiums. The new premiums have not been finalized or approved by Council so staff was conservative in its new estimates. Two new levy options are being provided for Council consideration as outlined below.

Option 1: This option uses the savings from reduced health insurance premiums to allow the hiring of two new police officers on January 1st, 2017 instead of the originally proposed staggered start dates of April 1st and July 1st; it also reduces the proposed levy by .41%.

Option 2: This option utilizes the proposed staggered starts for the police officers and reduces the proposed levy by 1.23%.

The 2017 preliminary property tax levy options are detailed in the table below:

Fund	2016	2017 Original Proposal	2017 - Revised Option 1	2017 - Revised Option 2
General Fund	\$8,818,285	\$9,700,000	\$9,650,000	9,550,000
EDA Fund	300,000	300,000	300,000	300,000
Insurance Fund	150,000	150,000	150,000	150,000
Debt Service Funds	2,606,576	2,793,542	2,793,542	2,793,542
Capital Funds	290,000	250,000	250,000	250,000
Total Levy	\$12,164,861	\$13,193,542	\$13,143,542	\$13,043,542
Percent Increase	4.77%	8.46%	8.05%	7.22%

The General Fund is the major operating fund of the city. Below is a summary of major changes of options 1 and 2:

	2017 Original Proposal	2017 Revised - Option 1	2017 Revised - Option 2
2016 Adopted General Fund Budget	\$12,741,898	\$12,741,898	\$12,741,898
Health insurance premium	311,957	120,000	120,000
Salaries/Benefits	244,153	248,653	248,653
Fire contract	164,695	164,695	164,695
2 new police officers	105,000	205,000	105,000
Harmon Park expenses	32,000	32,000	32,000
Dispatch contract	25,000	25,000	25,000
Community survey	20,000	20,000	20,000
Miscellaneous	11,602	11,602	11,602
2017 Proposed General Fund Budget	13,656,305	13,568,848	13,468,848

STAFF RECOMMENDATION:

Staff recommends discussion and consensus on preferred option for approval at tonight’s regular City Council meeting.